

NEXT15

PRELIMINARY RESULTS : APRIL 2023

AGENDA

Results summary and introduction

Business progress and review

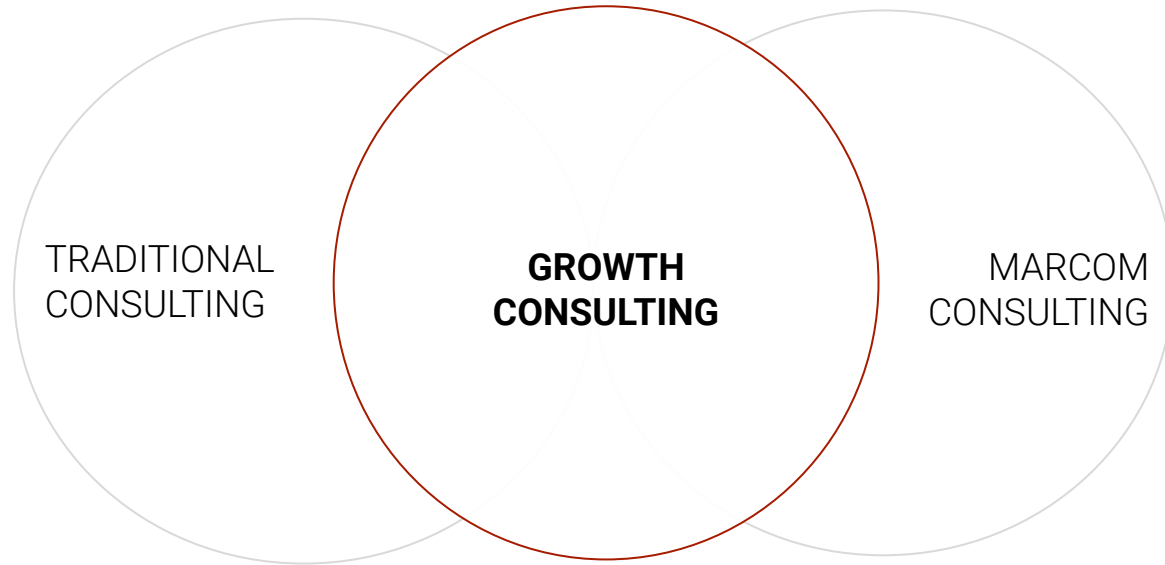
Strategy update

ESG update

Numbers in detail

VISION & MISSION

OUR VISION



WHAT IS NEXT 15?

Next 15 operates across four divisions and has offices across the world. Our divisions are:

1. We deliver business insights through data analytics and online research
2. We optimize digital brand assets to drive long term customer engagement
3. We optimize customer delivery (aka sales) through digital platforms such as e-commerce, demand gen and ABM
4. We maximize the value of the businesses through business design, corporate positioning and venture creation

Alphabet

amazon

AMERICAN
EXPRESS



P&G



AstraZeneca



RESULTS, INSIGHTS & PROGRESS

RESULTS HIGHLIGHTS

Net revenue up 56%
(20.7% organically) to
£564m (2022: £362m)

**Adjusted operating profit up
44%** to £114.2m (2022: £79.3m)

**Margin performance
of 20.2%** (2022: 21.9%)

**Adjusted diluted EPS up
35%** to 80.4p (2022: 59.7p)

Strong performances across
all segments and geographies

Net cash as at 31 Jan 2023 £26.1m
(2022: net cash of £35.7m)

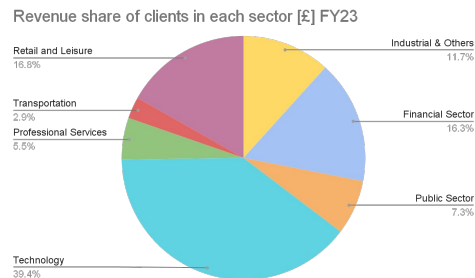
Final dividend increased
by 20% to 10.1p

RESILIENCE OF NEXT 15

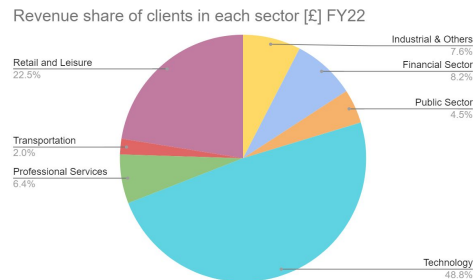
CUSTOMERS

- 131 customers spent more than \$1m in FY23
- 68% of our top 50 clients have been with us for more than 5 years
- Progression in diversifying revenue sources

Where our revenue came from FY23



Where our revenue came from FY22



PEOPLE

- Revenue per head (£141.7k)
- 93.2% of Senior Brand Leadership have been in their roles for 5+ years
- Offshore/nearshore capabilities expansion to include:

India

Mexico

Portugal

Romania

RESILIENCE OF NEXT 15

PRODUCTS / INNOVATION

~75% of revenues are not based on time and materials

Key products:

- BrandVue
- PlanApps
- Unilyse
- Prism
- Seer
- Trustec
- 2401
- Partnermarketing.com

SEGMENTAL PERFORMANCE

Net Revenue
% of Total Net
Revenue

£52.0m
9.2%

+

£274.9m
48.8%

+

£102.1m
18.1%

+

£134.8m
23.9%

INSIGHT

Margin : 21.3%
Organic growth : 10.2%

ENGAGE

Margin : 20.2%
Organic growth : 9.3%

DELIVERY

Margin : 29.6%
Organic growth : 12.0%

TRANSFORM

Margin : 32.5%
Organic growth : 83.3%

INSIGHT SEGMENT SUMMARY

Savanta has shown consistent organic and inorganic growth from £1m on acquisition in FY15 to projected revenue of approx £50m in FY24 at a 20% margin

Diversified mix of clients and products across sectors and UK / US

Opportunity to scale US from 30% of Group revenue to 50% in three years

Planning Inc in transition to being more product-oriented based on Unilyse

ENGAGE SEGMENT SUMMARY

Segment of the Group most impacted by the economic and big Tech uncertainty although ~80% of revenue committed for FY24

Focus on the operating models; in times of revenue uncertainty have cost levers to maintain margin at 20%

Expect to be ~45% of Group's revenue by end of FY24 as we continue to invest in other parts of the Group

Created a Tech-focused cluster of Archetype, Outcast, Nectar and Publitek to optimise revenue opportunities and the operating model

DELIVERY SEGMENT SUMMARY

Has seen very strong organic growth due to highly measurable ROI, particularly during Covid

Good growth has continued in FY23 as traditional routes to market have reopened

Margin consistently 30% and above as heavy users of tech and data

Expecting another positive year due to return to organic growth at A3 and positive performances elsewhere

Retail media networks are one of hottest new developments in this market

TRANSFORM SEGMENT SUMMARY

M49 continues to show exceptional growth on back of strong performance from the core ~\$40m revenue with a much more retainer based model as well as previously announced material (\$450m) 5 year contract win

Material contract grows by \$30m in FY24

Margin for whole of M49 expected to be maintained at approx 35%

Very strong operating performance has resulted in an increase in the estimated value of the earn-out to the maximum \$300m, 85% cash and 15% shares, to be funded out of trading cash-flows of Mach 49

Transform, ex Engine, benefitting from material Government contracts and operating model improvements to drive margin

ENGINE PROGRESS

Acquired Engine for £67.3m cash on completion in March 2022 funded by £50m cash placing

Separated out the three business, MHP (Comms), Transform (Business Transformation) and merged Creative with ODD to form House 337 (Creative)

MHP and House 337 in Engage segment whilst Transform in BT segment

Annualised head office synergies in excess of £3m realised, ahead of expectations, N15 UK now consolidated in 60 GPS

Margin improvement at Transform and House 337 though improving operating model, MHP delivering encouraging revenue growth at an already strong margin

Expected at least 20% return on initial investment in FY24

High quality execution of integration

BUSINESS PROGRESS

NEW CAPABILITIES

Bought Engine UK with 3 major businesses: MHP Group, House 337 & Transform

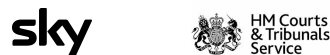
Made 6 bolt-on acquisitions for Activate, Agent3, Brandwidth and Savanta

NEW CLIENTS

Wins



Acquired with Engine:



NEW EXPERTISE

3 new Board members



Paul Butler (NED)

President & Chief Transformation Officer at New America
Previously COO at WPP data and strategy agency: sparks & honey



Dianna Jones (NED)

Chairs ESG Committee
Director, Legal Compliance at Uber
Previously Regional Compliance Counsel at John Wood Group plc



Jonathan Peachey (Exec)

Next 15 COO
Previously led BBC big data programme & founder of Transform

STRATEGY PROGRESS UPDATE

Full review of strategy (including data strategy) carried out

Result:

- Accelerating bolt-on acquisition strategy for brands and redesigning Next 15 team to support more activity. Focus on data, specialist skills and scaling
- Continuing to look for strategic group-level acquisitions in areas such as eCommerce, Media, Data analytics and System Integration
- Accelerating product development through additional investment and key hires
- Cross-group team working on AI
- Building out C-suite growth consulting capability with joined-up bids

Remain on track for previously stated target of doubling revenues between FY22 and FY26

AI UPDATE

A new Industrial Revolution with far-reaching consequences for the world

What we're doing:

- Exploring the new AI tools in all our businesses to see how they can improve efficiency, and offer new products and creative ideas for our clients
- Using our collective intelligence to learn from each other
- Building a joint framework for how we use AI to make sure we don't trip over short term issues like IP or privacy
- Accelerating our data strategy: data + AI will be a big differentiator
- Looking at AI-driven acquisitions
- Building out AI consulting capability in our Business Transformation sector

ESG UPDATE

Progressing B Corp brand by brand following discussions with B Lab

Board ESG Committee established

elvis became a certified B Corp.

Refined the role of our EDI Council and allocated a board member (Paul Butler) to it

Completed a materiality assessment to establish the most material ESG topics to Next 15.

Rolled out the Next 15 Academy online learning platform.

Attained ISO 14001 certification at our Head Office.

NUMBERS IN DETAIL

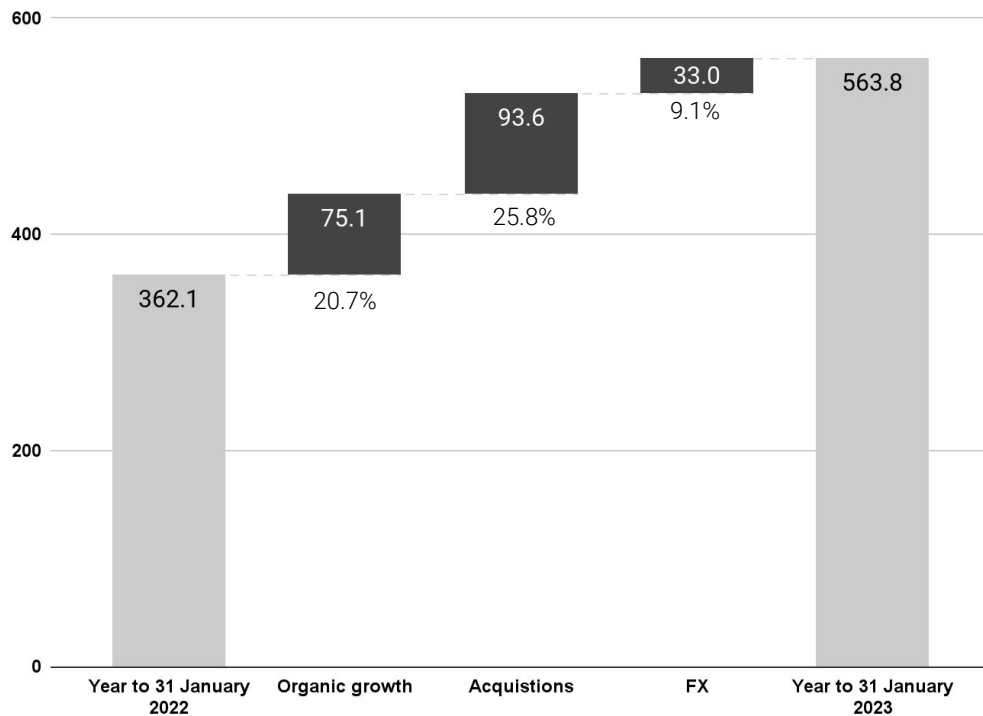
PRELIM RESULTS : APRIL 2023

ADJUSTED P&L

£M	2023	2022	GROWTH %
Net revenue	563.8	362.1	56%
Organic revenue growth	20.7%	26.1%	
Operating profit	114.2	79.3	44%
Operating margin	20.2%	21.9%	
Profit before tax	112.5	79.3	42%
Tax	(26.3)	(17.2)	
Minorities	(1.4)	(3.6)	
Profit after tax	84.8	58.5	45%
Diluted EPS (p)	80.4	59.7	35%
Total dividend per share (p)	14.6	12.0	22%

REVENUE BRIDGE

Revenues £m



SEGMENTAL

Operation	Net revenue 2023 £M	Organic growth	Operating Profit £M	Margin 2023	Margin 2022
Customer Insight	52.0	10.2%	11.1	21.3%	21.4%
Customer Engage	274.9	9.3%	55.4	20.2%	21.6%
Customer Delivery	102.1	12.0%	30.2	29.6%	35.6%
Business Transformation	134.8	83.3%	43.9	32.5%	29.0%
Head Office	-	-	(26.4)	-	-
Total	563.8	20.7%	114.2	20.2%	21.9%

CASH FLOW

£M	2023	2022
Inflow from op activities	119.6	88.6
Working capital	(24.4)	0.2
Net inflow from operations	95.2	88.8
Tax	(20.3)	(14.1)
Net capex	(7.0)	(5.9)
Acquisitions	(97.5)	(24.1)
Net interest and dividends paid	(14.8)	(11.0)
Net proceeds from share placing	48.6	-
Repayment of lease liabilities	(16.5)	(12.0)
Exchange gain on net cash	2.7	-
(Decrease)/Increase in net cash	(9.6)	21.7
Net cash closing	26.1	35.7

ADJUSTMENTS

£M	2023	2022
Adjusted profit before tax	112.5	79.3
Engine restructuring	(2.3)	-
Property impairment	(4.7)	(0.2)
Deal costs	(5.5)	(0.5)
Charge for one-off employee incentive schemes	(0.6)	(5.9)
Acquisition accounting related costs	(89.3)*	(151.9)*
Gains on investment activities	-	0.5
Furlough	-	(1.4)
Statutory profit/(loss) before tax	10.1	(80.1)

* £52m of this charge relates to the Mach49 increase in earnout (2022: £107m)

FORECAST COMMITMENTS

	31 Jan 2023 £M	31 Jan 2022 £M
FY 2023	-	36.0
FY 2024	45.4	30.8
FY 2025	62.8	45.8
FY 2026	48.5	39.7
FY 2027	47.7	31.5
FY 2028	39.4	31.3
Total	243.8	215.1

OUTLOOK

BUSINESS:

Performance continues to be robust across all four business segments

Significant contract held by Mach49, other new clients wins such as Morrisons for SMG, and acquisition of Engine underpin our confidence for further growth in FY24

Mindful of the current economic backdrop, given the strength of our business we remain confident in meeting expectations for the full year

Strong balance sheet provides scope for further investment and M&A

OPERATIONAL:

Continue to evolve operating model to enhance margins

Shifted B Corp focus to individual businesses

Group focused on broader ESG agenda

APPENDICES

NEXT15 BOARD



**Penny
Ladkin-Brand**
(Chair)
Pricing



Robyn Perriss
(Audit)
Governance



Helen Hunter
(Rem)
Data Insight



Dianna Jones
(ESG)
B Corp



Paul Butler
(ESG)
Business
Transformation



Tim Dyson
(CEO)



Peter Harris
(CFO)



Jonathan Peachey
(COO)

REGIONAL

Operation	Net revenue 2023 £M	Organic growth	Operating Profit £M	Margin 2023	Margin 2022
US	293.2	28.2%	93.5	31.9%	29.3%
UK	241.0	11.3%	42.5	17.6%	22.5%
APAC	18.0	11.0%	1.8	9.9%	9.3%
EMEA	11.6	16.3%	2.8	24.3%	24.9%
HEAD OFFICE	-	-	(26.4)	-	-
Total	563.8	20.7%	114.2	20.2%	21.9%

BALANCE SHEET SUMMARY

£M	31 January 2023	31 January 2022
Intangible assets	274.1	183.1
Non-current assets	108.0	83.1
Current assets	212.3	178.6
Non-current liabilities	(241.0)	(203.0)
Current liabilities	(239.0)	(180.3)
Net assets	114.4	61.5
Share capital	2.5	2.3
Reserves	111.4	57.6
Minorities	0.5	1.6
Total equity	114.4	61.5
Net cash	26.1	35.7